

**OFFICE OF ATTORNEY GENERAL****INSURANCE FRAUD SECTION**
TOM CORBETT • ATTORNEY GENERAL
NEWSLETTER

Three Chester County Residents Charged in Illegal Alien Scheme and Life Insurance Fraud

Linda Escobedo, George Bradford, and Richard Weaver were arrested in October in Chester County on multiple charges, including insurance fraud, corrupt organizations, conspiracy, theft by deception, forgery, tampering with public records, unlawful use of a computer, and identity theft. Escobedo and Bradford are the owners of A-Affordable Insurance Agency, located in Thorndale, PA. Weaver is a car dealer and notary in Coatesville.



According to a presentment issued by a statewide investigating grand jury, A-Affordable marketed a "leasing program" that provided hundreds of illegal aliens -- who did not have driver's licenses or any other appropriate identifying documentation -- with vehicle registrations, insurance, license plates, and bogus driver's licenses. To circumvent Pennsylvania Department of Transportation (PennDOT) regulations that prevented illegal aliens from registering cars, A-Affordable submitted title and registration paperwork to PennDOT falsely identifying itself as the owner of the cars and then "leased" the illegal aliens' cars back to them for a fee. Richard Weaver assisted in this part of the scheme, by preparing and submitting PennDOT paperwork with forged signatures and providing PennDOT paperwork and license plates to A-Affordable and the illegal aliens.



As part of its leasing program, A-Affordable required the illegal aliens to buy documents called "International Driver's Licenses," which provided no driving privileges, despite what customers were allegedly told. A-Affordable also required the illegal aliens to buy auto insurance from Progressive Insurance, Bristol West Insurance, or AIG Insurance and then provided them with proof of insurance cards. However, A-Affordable allegedly charged the illegal aliens undisclosed fees in excess of the actual premiums and provided the insurance companies with false and undocumented information about the identity, residence, and license status of the insured drivers and ownership of the cars.

According to the grand jury, A-Affordable also carried out a second scheme in which it created over 2000 Globe Life insurance policies in names of individuals who did not ask for a policy and did not know that such a policy existed. After the policies were created, A-Affordable paid the premiums for a short period, usually two months, for a total of less than \$16. Once Globe Life received those premium payments, it paid a commission of \$200, of which A-Affordable received \$135. Globe Life records show that A-Affordable paid approximately \$33,000 in premiums on the bogus policies, which resulted in a theft from Globe Life of approximately \$450,000 in commissions. A-Affordable allegedly received approximately \$300,000 of those commissions.

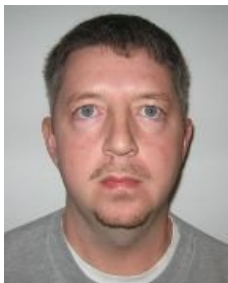




Two Lancaster County Men Arrested Again For Insurance Fraud



Jason Groff was arrested on October 30, 2008, and William Anderson was arrested on October 31, 2008, in Lancaster County on Insurance Fraud and Motor Vehicle charges.



According to the Criminal Complaint, Groff purchased a 1997 BMW from a used car lot in Akron. At the time of the purchase, Groff's drivers' license was suspended for DUI and he was unable to obtain automobile insurance for the vehicle. The Complaint further stated that Groff conspired with Anderson to register and title the BMW in Anderson's name and to obtain coverage for the vehicle through the State Farm Insurance Company. The BMW was insured by State Farm since August 2007. State Farm believed that the vehicle was solely operated by Anderson and was unaware that Groff, an unlicensed driver, was the primary operator. The Complaint further stated that Groff and Anderson conspired to file false documents and information with PennDOT in order to hide who was the actual owner of the BMW.

Anderson was on his seventh day of supervision following his October 24, 2008 sentence on 2007 charges stemming from his involvement in a chop shop/insurance fraud case prosecuted by the Insurance Fraud Section of the Attorney General's Office, when he was charged with the new charges on October 31, 2008.

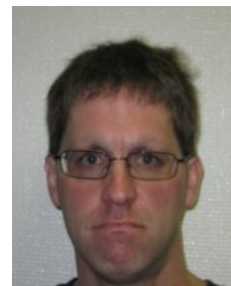
Groff's sentence was deferred on the 2007 charges stemming from his involvement in a chop shop/insurance fraud case prosecuted by the Insurance Fraud Section of the Attorney General's Office. Groff has pending charges in addition to this new case.

Groff and Anderson have been charged with two counts of Insurance Fraud (F3 & M1), one count of Criminal Conspiracy (F3), one count of Tampering with Public Records or Information (F3) and one count of False Swearing (M2).

Medical Prescription Fraud

On October 15, 2008, Chris Ruby and Jay Stern were arrested and on October 17, 2008, Louis Stern and Burns Wholesale Drug Corporation were arrested in Fayette County.

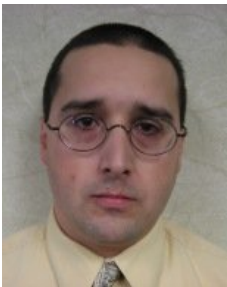
According to the Criminal Complaint, Burns Wholesale Drug Corporation, a/k/a Burns Drug, Inc., is owned and operated by the Stern family. Between October 2003 and March 2006, pharmacists at Burns Drug submitted billings under prescription insurance policies for members of the Stern family and employees of Burns Drug to the Highmark Insurance Company for approximately \$70,000 in prescription medications that were not authorized by physicians. According to the Criminal Complaint, there were approximately 300 bad scripts, many of which included multiple refills and in most cases, were not even dispensed. Records were generated to document some of the non-existent prescriptions. The Complaint further states that many of the fabricated prescriptions were attributed to two doctors who are members of the extended Stern family, but who denied issuing them. Records of other fraudulent scripts identify "Stern" as the authorizing physician, though all of the doctors named Stern in western Pennsylvania denied authorizing the scripts. It is alleged that the purpose of the billings was to acquire revenue from Highmark for the pharmacy. Allegedly Ruby and Jay Stern submitted most of the fraudulent billings and Louis Stern directed Ruby to bill Highmark repeatedly for scripts that were never dispensed.



All defendants have been charged with two counts of Insurance Fraud (F3), one count of Theft by Deception (F3), one count of Criminal Conspiracy/Theft by Deception (F3) and one count of Tampering with Public Records or Information (F3). Chris Ruby has also been charged with an additional count of Insurance Fraud (F3), one count of Act 64 Drug Violations (F) and one count of Medicaid Fraud (F3).

Jacient Bray was arrested on October 16, 2008, in Jefferson County.

According to the Criminal Complaint, Bray, in his capacity as a pharmacist, submitted 51 fraudulent claims to the Highmark Insurance Company for prescriptions allegedly written for him by Dr. Allenbaugh between August 2006 and January 2008. Highmark paid over \$25,000 for these fraudulent scripts for reflux, nausea and ulcers. The Complaint further states that Bray altered prescriptions for Hydrocodone written by a doctor, to show more refills than actually prescribed. It is alleged that Bray billed Highmark for approximately 17 prescriptions for Hydrocodone totaling in excess of \$2,400 which were not authorized. It is further alleged that Bray gave the Hydrocodone pills to customers of his pharmacy without any prescription or other authorization.



Jacient Bray has been charged with two counts of Insurance Fraud (F3), two counts of Theft by Deception (F3) and two counts of Act 64 Drug Violations (F).

Elder Financial Fraud Abuse

- Scott Powell was arrested in Lancaster County on October 29, 2008. According to the Criminal Complaint, Powell solicited a number of older consumers, including seniors he contacted while making a presentation at a retirement community, to invest in fraudulent Certificates of Deposit and non-existent mutual funds. Eleven victims gave Powell various amounts of money in excess of

\$80,000 to invest. The Complaint further stated that Powell kept the money for his own personal use, including starting a new business and paying his domestic relation's obligations. Powell allegedly provided these clients with fraudulent statements showing their investments growing to maintain the illusion that these investments were legitimate. Powell has been charged with one count of Corrupt Organizations (F1), eleven counts of Forgery (F2), eleven counts of Insurance Fraud (F3), eleven counts of Theft by Deception (F3) and eleven counts of Theft by Failure to Make Required Disposition of Funds (F3).

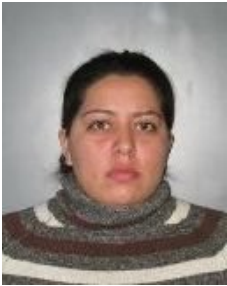


Additional Arrests

- On October 2, 2008, Timothy Galford was arrested in Crawford County. According to the Criminal Complaint, Galford falsely reported to the Progressive Insurance Company that another individual was operating Galford's truck when it collided with a deer. Subsequently, Galford's ex-wife, Kimberly, filed a claim with Progressive for the damages. The Complaint further stated that Timothy and the other individual falsely reported to Kimberly and Progressive that the other individual was operating the truck and that Timothy was a passenger at the time of the accident. Timothy was an excluded driver under the policy. It is alleged that Timothy was operating the truck when he intentionally drove it into a tree in order to eliminate the monthly payments for the truck. Timothy Galford has been charged with two counts of Insurance Fraud (F3) and one count of Theft by Deception (F3).
- Robert Neubert and Neubert's Electric, Inc., were arrested in Bucks County on October 2, 2008. According to the Criminal Complaint, Robert Neubert is the owner of Neubert Electric, Inc. In June of 2006, one of Neubert Electric's employees was electrocuted while working and suffered burns on one of his arms. The injured employee incurred medical bills and lost wages in excess of \$6,000. The

Complaint further stated that Neubert's Electric did not have the required Workers' Compensation Insurance. The injured employee has not received any medical or lost wages payments. Robert Neubert and Neubert's Electric, Inc. have been charged with 365 counts of Failure to Carry Workmen's Compensation Insurance (M3).

- On October 3, 2008, Sabina Vargas, Francisco



Rodriguez and Boris Vargas were arrested in Franklin County. According to the Criminal Complaint, Sabina Vargas had assumed the name of Betzaida Fernandez-Melendez with the assistance of her brother, co-defendant, Boris Vargas, and obtained a driver's license in the assumed name. Sabina fraudulently used a social security number of a deceased individual for employment purposes. Francisco allegedly made misrepresentations regarding a Nationwide Insurance auto policy on his vehicle in registering it with PennDOT. Francisco also signed various documents in support of Sabina's false identity. Sabina Vargas has been charged with

two counts of Identity Theft (F3), one count of Criminal Conspiracy/Identity Theft (F3) and one count of Tampering with Public Records (F3). Francisco Rodriguez has been charged with one count of Criminal Conspiracy/Identity Theft (F3) and one count of Insurance Fraud (F3) and Boris Vargas has been charged with one count of Criminal Conspiracy/Identity Theft (F3).

- Lucinda Sites was arrested in Franklin County on October 31, 2008. According to the Criminal Complaint, Sites filed a fraudulent claim with the Westfield Insurance Company for damages she alleged occurred to her Sunfire by an unknown vehicle during a

hit and run accident. The "new" damage to Sites' car was virtually the same damage that Sites had claimed approximately a month earlier when her Sunfire was involved in a similar hit and run accident. The Complaint further stated that Sites claimed the prior damage had been repaired before the second accident had occurred. Lucinda Sites has been charged with one count of Insurance Fraud (F3) and one count of Criminal Attempt/Theft by Deception (M1).

- On October 29, 2008, Joanna Cerini was arrested in Washington County. According to the Criminal Complaint, Cerini was insured by the Liberty Mutual Insurance Company under a group disability policy through her employer, Citizen's Financial Group. Cerini filed a disability claim indicating she was unable to perform her job because of migraine headaches and began collecting disability payments. The Complaint further states that Cerini was employed by H&R Block while she was collecting disability benefits and concealed her employment income from Liberty which resulted in an overpayment of benefits. Joanna Cerini has been charged with one count of Insurance Fraud (F3) and one count of Theft by Deception (M1).
- Amy Rowe was arrested in Lancaster County on October 31, 2008. According to the Criminal Complaint, Rowe obtained insurance through the Donegal Mutual Insurance Group for her pickup truck and did not list her live-in boyfriend, Benjamin Harrington, as a listed driver. Harrington was involved in an accident while operating Rowe's truck. Harrington's driver's license was suspended at the time of the accident. Rowe misrepresented to Donegal that her truck had been stolen when the accident had occurred. The Complaint further stated that Rowe submitted fraudulent information on her insurance application and made material misrepresentations in support of her claim involving her truck. Amy Rowe has been charged with two counts of Insurance Fraud (F3 & M1) and one count of Criminal Attempt/Theft by Deception (M1).
- On October 17, 2008, Steven Crawford and Shannon White-Crawford were arrested in Franklin County. According to the Criminal

Complaint, the Crawfords provided false information to the Progressive Insurance Company in support of a vehicle accident claim. Steven falsely stated that his wife, "Diane" was operating the vehicle at the time of the collision and that "Shannon White", an excluded driver on the policy, was an old girlfriend. The Complaint further stated that Shannon misrepresented herself to be Steven's wife "Cindy" and claimed she was operating the vehicle at the time of the accident. "Cindy" provided Progressive with her social security number which belonged to Shannon White-Crawford. Steven Crawford and Shannon White-Crawford have been charged with two counts of Insurance Fraud (F3), one count of Criminal Attempt/Theft by Deception (M1) and one count of Criminal Conspiracy/Theft by Deception (M1).

- Michele Harper was arrested in Lackawanna County on October 23, 2008. According to the Criminal Complaint, Harper was operating her mother, Margaret Carpenter's vehicle when she was involved in an accident. Carpenter's vehicle was insured with liability coverage with the Progressive Insurance Company. Harper falsely identified herself as Kimberly Theobold, Carpenter's other daughter, and provided a recorded statement that she was operating the vehicle at the time of the collision. Harper was listed as an excluded driver on Carpenter's policy. Michele Harper has been charged with one count of Insurance Fraud (F3), one count of Identity Theft (M1) and one count of Criminal Attempt/Theft by Deception (M1).
- On October 21, 2008, Rosemary McGrail was arrested in Westmoreland County. According to the Criminal Complaint, McGrail filed a fraudulent claim with the Allstate Insurance Company for damage to her furnace caused by a power failure from a wind and hail storm. McGrail allegedly altered a work order form to replace the furnace circuit board from \$150 to \$750 and submitted it to Allstate in an attempt to obtain more money. Rosemary McGrail has been charged with one count of Insurance Fraud (F3), one count of Criminal Attempt/Theft by Deception (M1) and one count of Tampering with Records (M1).

- Gary Ruby was arrested in Fayette County on October 3, 2008. According to the Criminal Complaint, an individual reported to the Connellsville Police that his car was stolen. The vehicle was subsequently found burned. Ruby allegedly agreed to take and burn the car so that the owner could submit an insurance claim to the Viking Insurance Company. Viking paid for the loss and subsequently Ruby was paid for taking and burning the car. Gary Ruby has been charged with one count of Arson (F2), one count of Criminal Conspiracy/Arson (F2), one count of Insurance Fraud (F3) and one count of Criminal Mischief (F3).



- On October 24, 2008, Colin Campbell, William Anderson and Jose Figueroa-Rivera were sentenced on numerous Insurance Fraud related charges in Lancaster County. Campbell owned and operated Preferred Auto, Inc., a licensed used car dealership, out of his residential property which served as a cover for a chop shop specializing in stamping new VINs on stolen motorcycles. Campbell, Anderson and Figueroa-Rivera transferred VINs from salvaged motorcycles to approximately twelve stolen motorcycles per year from 2000 to 2005, which were then sold to unsuspecting buyers. Campbell also filed two fraudulent insurance claims for an alleged burglary and theft of a vintage 1967 Camaro, insured by the American Modern Insurance Company, and a set of mechanic tools, insured by the Reamstown Mutual Insurance Company. Campbell collected \$124,188.69 for the fraudulent claims. Campbell plead guilty to one count of Owning, Operating or conducting



a Chop Shop (F2) and two counts of Insurance Fraud and was sentenced to serve 9 to 23 months incarceration, a consecutive term of 5 years probation and ordered to pay restitution and all court costs. Anderson entered a guilty plea to one count of Altered or Illegally Obtained Property (F3) and one count of Criminal Conspiracy (F3) and was sentenced to serve 5 years probation and ordered to pay a \$1,000 fine and all court costs. Figueroa-Rivera entered a guilty plea to one count of Criminal Conspiracy (F3) and was sentenced to serve 3 years probation and ordered to pay a \$500 fine and all court costs.

- Damon Davis and Barbara Zayas entered guilty pleas to one count of Insurance Fraud (F3) in Philadelphia County. Davis and Zayas were in a parked car when it was struck by a truck driven by an employee of the Lincoln General Insurance Company's insured. After the accident, Davis and Zayas arranged for the owner of the car to say she was in the car. After the accident Davis and Zayas, who later admitted that they were not injured, and 3 other people, who falsely claimed to have been in the car, signed up together to have a lawyer file claims. On October 1, 2008, Davis was sentenced to serve 5 years probation with intensive supervision and ordered to pay \$2,500 restitution and all court costs. Zayas was sentenced to serve 4 years probation and ordered to pay \$2,500 restitution and all court costs.

- On October 15, 2008, Lynda Cimino entered a guilty plea to one count of Theft by Deception (M1) and one count of Violation of Pharmacy Act (M) in Westmoreland County. Cimino



presented forged prescriptions for Ultram purportedly prepared in the name of Dr. Jabbour, who did not authorize them, to several pharmacies. Cimino used her husband's name and insurance with Caremark to have the prescriptions

filled. Cimino was sentenced to serve 3 years Intermediate Punishment, ordered to perform 40 hours of community service and to pay a \$500 fine, \$1,161.54 restitution and all court

costs.

- Jamil Curry entered a guilty plea to one count of Insurance Fraud (F3) on October 1, 2008 in Philadelphia County. Curry was one of fourteen individuals who claimed to be injured when a casino tour bus was struck in a staged accident by a hit and run driver in Philadelphia. Numerous individuals on the bus were aware that the bus was going to be hit and/or admitted that they were not injured. Claims were submitted to the Lancer, Allstate, Rutgers and American Independent Insurance Companies for chiropractic treatments. Curry who admitted that he was not injured, was sentenced to serve 2 years probation, ordered to perform 100 hours of community service and ordered to pay \$2,142.85 restitution and all court costs.
- On October 3, 2008, Zane Barnes entered a guilty plea to one count of Criminal Attempt/Theft by Deception (M1) in Westmoreland County. Barnes submitted a fraudulent claim to the Allstate Insurance Company for a fraudulent burglary and theft of numerous items. Barnes gave his ex-girlfriend permission to take the items when she moved out and actually signed a receipt and assisted in moving them to her apartment. Barnes was sentenced to serve 2 years probation and ordered to perform 50 hours of community service and to pay all court costs.



(ARD) DISPOSITIONS

During the month of October, six additional defendants received Accelerated Rehabilitative Disposition (ARD). Defendants who receive ARD are typically sentenced to serve 2 years probation and ordered to perform 50 hours of community service. In addition, they are ordered to pay full restitution, all ARD costs and all court costs.